



**Second Session — Thirty-Second Legislature**  
of the  
**Legislative Assembly of Manitoba**

**STANDING COMMITTEE**

on

**AGRICULTURE**

31-32 Elizabeth II

*Chairman*  
*Mr. A. Anstett*  
*Constituency of Springfield*



MG-8048

**VOL. XXXI No. 6 - 8:00 p.m., WEDNESDAY, 20 APRIL, 1983.**

**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Second Legislature**

**Members, Constituencies and Political Affiliation**

Name	Constituency	Party
<b>ADAM, Hon. A.R. (Pete)</b>	Ste. Rose	NDP
<b>ANSTETT, Andy</b>	Springfield	NDP
<b>ASHTON, Steve</b>	Thompson	NDP
<b>BANMAN, Robert (Bob)</b>	La Verendrye	PC
<b>BLAKE, David R. (Dave)</b>	Minnedosa	PC
<b>BROWN, Arnold</b>	Rhineland	PC
<b>BUCKLASCHUK, John M.</b>	Gimli	NDP
<b>CARROLL, Q.C., Henry N.</b>	Brandon West	IND
<b>CORRIN, Brian</b>	Ellice	NDP
<b>COWAN, Hon. Jay</b>	Churchill	NDP
<b>DESJARDINS, Hon. Laurent</b>	St. Boniface	NDP
<b>DODICK, Doreen</b>	Riel	NDP
<b>DOERN, Russell</b>	Elmwood	NDP
<b>DOLIN, Mary Beth</b>	Kildonan	NDP
<b>DOWNEY, James E.</b>	Arthur	PC
<b>DRIEDGER, Albert</b>	Emerson	PC
<b>ENNS, Harry</b>	Lakeside	PC
<b>EVANS, Hon. Leonard S.</b>	Brandon East	NDP
<b>EYLER, Phil</b>	River East	NDP
<b>FILMON, Gary</b>	Tuxedo	PC
<b>FOX, Peter</b>	Concordia	NDP
<b>GOURLAY, D.M. (Doug)</b>	Swan River	PC
<b>GRAHAM, Harry</b>	Virden	PC
<b>HAMMOND, Gerrie</b>	Kirkfield Park	PC
<b>HARAPIAK, Harry M.</b>	The Pas	NDP
<b>HARPER, Elijah</b>	Rupertsland	NDP
<b>HEMPHILL, Hon. Maureen</b>	Logan	NDP
<b>HYDE, Lloyd</b>	Portage la Prairie	PC
<b>JOHNSTON, J. Frank</b>	Sturgeon Creek	PC
<b>KOSTYRA, Hon. Eugene</b>	Seven Oaks	NDP
<b>KOVNATS, Abe</b>	Niakwa	PC
<b>LECUYER, Gérard</b>	Radisson	NDP
<b>LYON, Q.C., Hon. Sterling</b>	Charleswood	PC
<b>MACKLING, Q.C., Hon. Al</b>	St. James	NDP
<b>MALINOWSKI, Donald M.</b>	St. Johns	NDP
<b>MANNES, Clayton</b>	Morris	PC
<b>McKENZIE, J. Wally</b>	Roblin-Russell	PC
<b>MERCIER, Q.C., G.W.J. (Gerry)</b>	St. Norbert	PC
<b>NORDMAN, Rurik (Ric)</b>	Assiniboia	PC
<b>OLESON, Charlotte</b>	Gladstone	PC
<b>ORCHARD, Donald</b>	Pembina	PC
<b>PAWLEY, Q.C., Hon. Howard R.</b>	Selkirk	NDP
<b>PARASIUK, Hon. Wilson</b>	Transcona	NDP
<b>PENNER, Q.C., Hon. Roland</b>	Fort Rouge	NDP
<b>PHILLIPS, Myrna A.</b>	Wolseley	NDP
<b>PLOHMAN, John</b>	Dauphin	NDP
<b>RANSOM, A. Brian</b>	Turtle Mountain	PC
<b>SANTOS, Conrad</b>	Burrows	NDP
<b>SCHROEDER, Hon. Vic</b>	Rossmere	NDP
<b>SCOTT, Don</b>	Inkster	NDP
<b>SHERMAN, L.R. (Bud)</b>	Fort Garry	PC
<b>SMITH, Hon. Muriel</b>	Osborne	NDP
<b>STEEN, Warren</b>	River Heights	PC
<b>STORIE, Jerry T.</b>	Flin Flon	NDP
<b>URUSKI, Hon. Bill</b>	Interlake	NDP
<b>USKIW, Hon. Samuel</b>	Lac du Bonnet	NDP
<b>WALDING, Hon. D. James</b>	St. Vital	NDP

**LEGISLATIVE ASSEMBLY OF MANITOBA**  
**THE STANDING COMMITTEE ON AGRICULTURE**

**Wednesday, 20 April, 1983**

**TIME — 8:00 p.m.**

**LOCATION — Anola**

**CHAIRMAN — Mr. Andy Anstett (Springfield)**

**ATTENDANCE — QUORUM - 6**

*Members of the Committee present:*

Hon. Messrs. Adam, Bucklaschuk, Plohman,  
Uskiw

Messrs. Anstett, Blake, Carroll, Downey,  
Harapiak, Manness, Orchard

**WITNESSES:** Mr. Richard Loeb, Private Citizen

Mr. Dennis Nimchuk, Private Citizen

Mr. Steve Fosty, Private Citizen

Mr. Henry Reske, Private Citizen

Mr. Ken Edie, Private Citizen

**MATTERS UNDER DISCUSSION:**

Western Transportation Initiative Proposed by  
the Government of Canada.

\* \* \* \*

**MR. CHAIRMAN:** Committee come to order please. Gentlemen, we have a quorum. First of all gentlemen I'd like to welcome you all to the Springfield Constituency. Ladies and gentlemen, I'd like to introduce the members of the Standing Committee on Agriculture who are here this evening.

The fellow who said, "Louder please," was Jim Downey, the Member for Arthur, far on the left; beside him, Clayton Manness, Member for Morris; beside him, Dave Blake, Member for Minnedosa; next is Don Orchard, Member for Pembina; immediately to my left, Sam Uskiw, Member for Lac du Bonnet and Minister of Highways and Transportation.

Starting at the other end of the table, on my right, Henry Carroll, Member for Brandon West; the Honourable Pete Adam, Minister of Municipal Affairs and Member for Ste. Rose; beside Pete, Mr. Harry Harapiak, Member for The Pas; beside him, the Honourable John Plohman, Minister of Government Services, Member for Dauphin; and beside him, the Honourable John Bucklaschuk, Minister of Co-operative Development and Consumer and Corporate Affairs, Member for Gimli.

Ladies and Gentlemen, that's your Committee. My name is Andy Anstett, I'm the Member for Springfield and the MLA for this constituency and Chairman of the Committee.

The authority for the series of public meetings that's being held by the Standing Committee on Agriculture is under a resolution passed by the Legislative Assembly on March 15th of this year.

The resolution reads as follows. Those of you, as you came in the door, may have seen a copy of the resolution and its subsequent document by the door. If you didn't pick one up, you're welcome to do so now.

The resolution reads as follows:

WHEREAS, on February 22, 1983, the Saskatchewan Legislature unanimously passed the following resolution:

Because the proposals advanced by the Minister of Transport for Canada to replace the statutory Crow rate:

1. Do not recognize the principles of the statutory rate for grain;
2. Do not provide cost protection for farmers;
3. Do not recognize that grain must be sold in a competitive international market;
4. Do not remove the distortion in rates by including all prairie crops and their products under the new rate structure;
5. Do not deal with unacceptable high taxation levels on farm input such as fuel;
6. Do not provide sufficient performance guarantees for the future growth and development of all facets of prairie agriculture;
7. Prescribe an unacceptable limit of 31.1 million tonnes for subsidized shipments;
8. Provide central Canada with further artificial processing and livestock incentives; and
9. Are not supported by a consensus of Western Canadians.

And because these are fundamental concerns and must be dealt with in any plan for the western rail transportation system, this Assembly therefore rejects the Pepin plan.

THEREFORE LET IT BE RESOLVED that the Legislative Assembly of the Province of Manitoba concur in the above resolution passed by the Saskatchewan Legislature; and

BE IT FURTHER RESOLVED that the Standing Committee on Agriculture of the Legislature be authorized:

- (a) To inquire into matters relating to the Western Transportation Initiative proposed by the Government of Canada;
- (b) To hold such public meetings as the committee may deem advisable;
- (c) To report to this Session of the Legislature.

Our Committee agreed, at its organizational meeting, that briefs would be restricted to Section A of the RESOLVED portion of the resolution, that is, to enquire into matter relating to the Western Grain Transportation Initiative.

You will have a document, I hope, entitled The Western Transportation Initiative. I'm going to read through that; you may follow along. This is an outline of the basic facts of the proposal put forward by the Federal Minister of Transport, Jean-Luc Pepin, on the basis of the change proposal with regard to the Crow rate, and it's the proposal upon which we're holding our hearings.

The Federal Western Transportation Initiative is as follows:

1. The Federal Government will implement the principle recommendations of the Gilson Report for the four-year period, 1982-83 through 1985-86.
2. The Federal Government has defined the Crow Benefit Payment as representing the difference between the amount paid by producers, under the Crows Nest Pass Rate, and the actual cost of moving grain during the crop year 1981-82 and has calculated it to be \$651.6 million. The average Crow rate was \$4.89 per metric tonne for the Prairie region and \$3.65 per metric tonne for Manitoba.
3. Starting in the 1983-84 crop year producers will pay
  - (a) The total cost of any future volumes of grain and grain products exceeding 31.1 million tonnes;
  - (b) The first three percentage points of railway cost increases due to inflation in the crop years 1983-84, 1984-85 and 1985-86;
  - (c) The first 6 percentage points of railway cost increases due to inflation for the crop year 1986-87 and beyond.
4. Blended freight rates set by April 30th of each year for the following crop year by the Canadian Transport Commission, after consultation with grain shippers and railways.
5. Freight rates will remain generally distance related.
6.
  - (a) Under the Gilson recommendations, the federal contribution will be divided between the railways and the producers. In 1982-83, 100 percent of the federal contribution will go to the railways. After that the proportion paid to the railways will decrease over time to a minimum of 19 percent by 1989-90. In 1989-90, 81 percent will be paid to producers.
  - (b) The method of paying the government contribution will be that recommended by Dr. Gilson, but the method will be reviewed in 1985-86, when the split is approximately 50 percent to each party. Parliamentary approval will be required to continue any further progression of payments to the producers.
7. Payments to producers will be on a acreage basis, including cultivated acreage devoted to non-Crow crops and to Crow grain used on the Prairies, not on the basis of tonnes of Crow grain shipped by rail. Since this would mean less money per tonne of grain shipped the Federal Government will pay the producers an additional \$204 million for the crop years 1983-84 to 1985-86, as an agricultural adjustment payment. The Federal Government will commit an additional \$56 million after 1985-86, if the phased payments continue to 1988-89.
8. Canola oil and meal and linseed oil and meal will be included under the new statutory rate regime in 1983-84. For the crop year 1982-83, these products will be assisted through an existing program in the absence of legislation that will pay the difference between the statutory rate and the current minimum compensatory rate west of Thunder Bay. However, the Federal Government believes the commercial rates for these products beyond Thunder Bay to eastern markets should be established. Currently the railways charge a lower minimum compensatory rate on these products.
9. A new grain transportation agency will be established to perform the current duties of the office of the grain transportation co-ordinator and will have an enlarged mandate, including car allocations, performance and service guarantees, and improved efficiency and capacity in the transportation system.
10. The Canadian Transport Commission will undertake necessary major costing reviews every four years in consultation with grain shippers and railways.
11. The Federal Government will purchase up to 3,840 more hopper cars over the next three fiscal years. Timing of the purchases will be made with the advice of the new grain transportation agency.
12. The Federal Government will commit an additional \$670 million to branch line rehabilitation this decade. The future of the Branch Line Rehabilitation Program will be reviewed in 1985-86.
13. In accordance with the Gilson Report, the railway compensation of 100 percent of the long-run variable costs with a 20 percent contribution to overhead costs will be phased in.
14. The railways will receive \$313 million for the crop year 1982-83 as a payment towards their shortfall in revenues in that year.
15. Cost savings due to branch line abandonment or acquisition of government hopper cars will accrue to the Federal Government and shippers.
16. The Federal Government has agreed to extend special additional capital cost allowances to the railroads for investment in railway assets during the period January 1, 1983, to December 31, 1987.
17. In return for the implementation of the new rate regime on grain and the extended capital cost allowance, the two railroads have indicated they will:
  - (a) Increase investment in 1983 in Western Canada by \$242 million and investment in Eastern Canada by \$33 million;
  - (b) Increase investment in the period 1984-87 in Western Canada by \$2.592 billion and investment in Eastern Canada by \$395 million;
  - (c) Meet specific grain transportation performance and branch line maintenance obligations.

18. Under Industrial and Economic Development Initiatives, the Federal Government will commit \$75 million over the next five years to:
  - (a) Develop railway equipment manufacturing industry;
  - (b) Develop processing of agricultural products in Western Canada;
  - (c) Assist suppliers of equipment and material for future resource development projects in Western Canada;
  - (d) Assist western firms to develop new products and improve productivity and competitiveness.
19. Under Agricultural Development Initiatives, the Federal Government will undertake a five-year \$175 million package of agricultural development initiatives, including:
  - (a) Improving local feed grain self-sufficiency in non-Canadian Wheat Board designated areas of Canada;
  - (b) Assistance to farms and farm organizations for activities leading to improved sustainable increases in production of grains, livestock and special crops in the designated area of the Canadian Wheat Board;
  - (c) Assistance to the food processing industry in Quebec;
  - (d) Soil and water conservation research in the Prairie provinces;
  - (e) Development of a crop information system by Agriculture Canada;
  - (f) Development of an electronic marketing system by Agriculture Canada.
20. In 1985-86, the Federal Government will review the following:
  - (1) The sharing of grain transportation costs between producers and the Federal Government.
  - (2) The system of payments to producers and progress in reducing distortions in the western agricultural economy.
  - (3) The possible impact on eastern agriculture.
  - (4) The system of railway performance guarantees.
  - (5) The freight rates required to provide appropriate compensation to the railways.
  - (6) The future of the Branch Line Rehabilitation Program.

That, ladies and gentlemen, is the Western Transportation Initiative of the Federal Government. The purpose of our hearings is to hear your comments on those initiatives. Additional copies of both the Legislative Resolution, for those who may have come in late, and a copy of the Federal Western Transportation Initiative, are available at the back of the hall.

At the present time no one has registered to present briefs at this committee meeting, so if there is anyone in the audience who wishes to speak to the committee tonight, please come forward to the microphone now and give your name so we can put your name down on the list and then begin our meeting, in terms of hearing your views.

Is there anyone who wishes to make a presentation to the committee this evening?

It's going to be a very short meeting? If there is no one who wishes to make a presentation to the committee tonight, or speak to the committee - yes?

**MR. R. LOEB:** Mr. Chairman, I am not intending to make a speech, but in the absence of anybody else, I would certainly like to make some comments.

**MR. CHAIRMAN:** Is there anyone else who would wish to make some comments in addition to Mr. Loeb? Steve Fosty, thank you.

No, there will not be a question period. The purpose of the meeting was to solicit the views of people in Manitoba to hear your presentations, and the committee members will be asking questions of the people who make presentations. We will be asking questions of the people who make presentations, but there won't be a question and answer period with members of the committee; I think that was your question.

There will certainly be an opportunity to speak to and ask questions privately of members after the meeting winds up. I don't think everyone is going to run out the door because it doesn't look like we're going to be running very late.

Anyone else who wishes to speak to the committee? Anyone else? Seeing none, Mr. Richard Loeb, would you please come forward. Please proceed.

**MR. R. LOEB:** Mr. Chairman, my wife and myself are not going to be directly affected, I suspect, by the proposed changes in the Crow rate. However, the fact that we are a dairy operation, one assumes that if transportation costs are increased to producers in Western Canada, that feed grains on which we depend, because of the increased costs, of course, local feed prices should be somewhat cheaper, one expects.

For us, personally, chances are that we might benefit to a small degree from the proposed changes. However, I'm impressed by the fact that a statement was made by the Federal Deputy Minister of Transportation in February, when the Minister, Mr. Pepin, made his announcement in Winnipeg of the proposed changes that they had settled on after the Gilson inquiry and recommendations came forward. Mr. Kroeker at that time, in answer to a question on one of the local phone-in shows, estimated - he said although the future was somewhat uncertain and the figures certainly were not final and would not be because of inflation and other factors, in answer to the question as to how much was involved - what was the bottom line in terms of the cost to producers and the cost to the taxpayers of Canada in this initiative - he estimated it would amount to something like \$10 billion or \$11 billion in the next 10 years. Of that amount, something like \$4 billion would be taken from the producers of grain in the three prairie provinces in the next eight-year period. I am impressed by that fact.

The Deputy Minister of Transport for Canada is telling me that the economies of Western Canada, that is, particularly the prairie provinces, are going to be suffering, I think, a fairly substantial decline. If his projection is correct, I think that will be fairly substantial. The fact that we are already suffering a decline in our

economy, as evidenced by farm bankruptcies, by business bankruptcies, etc., I don't think that we can afford to have further economic activity taken away from us by the fact that we are going to be taking money out of the producers' pockets and giving it to the railways.

I noticed that in 17.(b), in the proposal, there will be something like \$2.592 billion spent by the railways in Western Canada in the period from 1984 to 1987, and an investment in Eastern Canada by 395 million. I remember on the 12th of February in the Financial Post to which I subscribed, there was a very, to me, interesting and revealing article which said that the coal interests in British Columbia had mounted what veteran observers in Ottawa said was the most effective lobbying effort and campaign that they had ever seen in Ottawa over the last three or four years in order to get the grain transportation, the Crow rates, nullified. The reason for it was that the coal interests, of which the CPR is a major player and British Columbia, I suspect, that most of this 2 billion-plus is going to be spent in British Columbia and the mountains there to get the coal out to get to Japan to the export markets there. Although I think we recognize that at the present time, because of the depressed world economy, it is something in a state of hiatus, but that is where most of the investment is going to take place from what my understanding of it is.

These things, I think, impress me, even though I may not be affected by this proposal personally and directly. I think indirectly all of us are going to suffer to some degree in the three prairie provinces. For that reason, Mr. Chairman, this is the only reason I thought I would make a few comments. I have nothing more to add. I am in agreement with the resolution that was passed by the Legislature. I think the points that are made there are very straightforward and particularly the one, No. 9, which says the proposed changes are not supported by a consensus of Western Canadians, I think that is understated. Certainly that is true.

I think the fact that there are no briefs, formal briefs, presented here tonight, I think it is a foregone conclusion that most people are opposed to the change.

**MR. CHAIRMAN:** Thank you, Mr. Loeb. Any questions from members of the committee for Mr. Loeb? Mr. Uskiw.

**HON. S. USKIW:** Yes, Mr. Loeb, what in your opinion is the best method of preventing the change from taking place at this stage of the game?

**MR. R. LOEB:** Mr. Chairman, it seems to me that changes are going to take place because of, what I see to be, the politics of the situation. The fact that we have the political clout in Eastern Canada; the economic clout is certainly in Eastern Canada and it certainly is settled in corporations such as the CPR. I think that if we can assist the opposition in Quebec, for example, one of the few times in my experience where I have seen a commonality of purpose where people are opposed to the change, because they see this as being detrimental to their interest as well.

It seems to me that if the change is not going to take place, it is going to be because of the opposition

in Quebec rather than because of the opposition that we have here. I think the political reality at the present time, in spite of the fact that the Legislatures of Saskatchewan and of Manitoba have agreed on the resolution, is the fact that the Federal Government at the present time has only two members west of the Manitoba-Ontario border. I think they feel that they have nothing to lose, they have everything to gain, and if a change is not going to take place, it seems to me we should perhaps be supporting the opposition which is evidenced in Quebec.

**HON. S. USKIW:** We have been advised by the Minister of Transport for Canada some several months ago, if not more, that he is not interested in talking to provincial governments. He will be talking, of course, to farm organizations and groups of farmers, and on the basis of that, will be making his decision and whatever changes he deems advisable. In essence, what he actually told the provincial governments in Western Canada was that the decision is already made. The only question that remains is how to implement it. That is the way in which this was introduced. Now, we've had the exercise of Gilson, which is to find a means of implementing the decision. Given that that is so, do you in your opinion see any possibility of turning this issue around in favour of Western Canada?

**MR. R. LOEB:** Mr. Chairman, I don't want to sound pessimistic, but the answer I gave to the previous question, I think, indicated that I am fairly pessimistic about us in Manitoba as only one million people and not having the political clout. I don't really despair of it, but I think the chances are probably not there.

However, Mr. Chairman, if I could make one more small comment which is indirectly, I think, tied into this particular question. I think that the manner in which the proposed changes were presented to the people of Western Canada and the, I think, very successful effort to get the dialogue, the question dealing with how the payments would be made, rather than the really fundamental question of whether or not the change should be made at all, I think this was very successful. I think we had the farm organizations, which should have been speaking with one voice. It ended up that they were quarrelling amongst themselves as to how the payments should be made, and I think that is most unfortunate. I think that probably the horse is out of the barn by now.

**HON. S. USKIW:** Are you at all familiar with what a compensatory rate would be for a hundred pounds of grain shipped out of this area to Thunder Bay? You are familiar with what it is under the Crow rate? It's about 14 cents, right?

**MR. R. LOEB:** Yes.

**HON. S. USKIW:** The American system, of course, is a commercial or compensatory rate just across the border. Are you aware that the American system charges about 91 cents a bushel to ship grain from just across the border to Duluth.

**MR. R. LOEB:** No, I am not. I wasn't aware it was that high.

**HON. S. USKIW:** That's for a single boxcar. If you have a trainload of 52 cars, it comes down to 73 cents.

**MR. R. LOEB:** Mr. Chairman, I think Mr. Uskiw is comparing the cost then are you, just across the border . . .

**HON. S. USKIW:** That's right.

**MR. R. LOEB:** . . . for shipping to Duluth as compared to shipping from here to Thunder Bay?

**HON. S. USKIW:** Thunder Bay, that's right.

**MR. R. LOEB:** We've always been told that the transportation costs are cheaper in the United States because they are shorter to the seacoast, especially using the Mississippi River as the main artery. Does that mean - well, you're speaking just particularly, I suppose, about Minnesota and North Dakota?

**HON. S. USKIW:** That's right, that's right.

**MR. R. LOEB:** I wasn't aware it was that great a difference.

**HON. S. USKIW:** Would you be concerned that that would be the rate that we'd charge today against today's prices of grain, if that were charged in Canada?

**MR. R. LOEB:** Mr. Chairman, myself, personally, no. As I said, I'm impressed by the global figure that has been made public by the Deputy Minister of Transport for Canada.

In our own operation, no, it would not affect our operation because we are a dairy operation. The grain which we grow we feed; we also buy other feeds as well. So that isn't going to affect us directly. Yes, I can say that, seeing it being taken away from the people, the producers of Manitoba, and to that degree, the economy of Manitoba, yes, I'm concerned about that; but specifically about our own particular operation, no. I'm sure other people who are going to make comments here will address that themselves.

**HON. S. USKIW:** Mr. Loeb, are you aware as to what proportion of the capital expenditures that are to be made by CN and CP over the next 10 years in Western Canada will be paid for by farmers, and what proportion will be paid for by the Government of Canada, and what portion will be paid for by the railways?

**MR. R. LOEB:** No, Mr. Chairman, but I'm sure you're going to tell me.

**HON. S. USKIW:** The proposition that we have before us is that we must increase the rates in order to finance the upgrading of the railway system between here and Vancouver in order to move increased tonnages of grain. The increased tonnage of grain represents 16 percent of the total increased tonnage of commodities, bulk commodities; the others being potash, coal and sulphur. So 16 percent is grain, but yet Western Canadian farmers are going to pay \$4 billion over the next 10 years to upgrade the railway system. The Government

of Canada, through the taxpayers are going to pay \$5.4, is it? It's 9.5 altogether. So in essence, it's 5.5 - taxpayer and 4 billion - Western Canadian farmer, which is the total investment that the railways intend to make in Western Canada.

Do you not find it somewhat incredible that the taxpayers and the farmers should be picking up the entire cost of upgrading the railway system which is essentially being upgrading for coal, potash and sulphur?

**MR. R. LOEB:** Yes, Mr. Chairman, certainly I do. I find that totally intolerable. I think that this ties in with the comments that I made earlier and also with the article that I referred to in the Financial Post on the 12th of February.

**MR. CHAIRMAN:** Mr. Adam.

**HON. A. ADAM:** Mr. Loeb, I know you're not a grain producer; you're a dairy producer. Looking at this paper that was read by the chairman in his opening comments, on Page 1, it indicates on Paragraph 3 that the products exceeding 31.1 million tonnes, anything over that, as I understand this paper here, those costs will be paid by the farmer in total whatever that cost may be. I'm not sure exactly how many tonnes were shipped last year or the year before, but I believe it is close to 30 million tonnes. I could stand to be corrected on that.

In view of the fact that canola oil and meal and linseed oil and meal will be included under the new statutory rate, which I think is a good thing, but in view of this new product coming under the Crow rate would seem to me to lower the amount of grain that will be able to be shipped under the Crow rate because we will reach the 31 million tonnes sooner than we would otherwise. I'm not saying that we're pleased that those products are included in there because there was some difficulty for those industries that are in the processing of oil seeds. Do you have any comments to make on that that might affect those producers who are producing wheat and barley for export and so on? Should I ask you then, do you think that the 31 million tonnes is sufficient or should it be higher, in view of what is in this paper?

**MR. R. LOEB:** Yes, Mr. Chairman, certainly, if you're correct in your assumption that canola and flax products will also be included in the global amount when you're getting up to the 31.1 million tonnes, certainly, that would be true, that we would not have as many other grains to ship, they would not have as many covered before you'd have to pay the full compensatory rate yourself.

Mr. Chairman, just as an aside, perhaps I have a particular viewpoint on this and perhaps it's not a common one; perhaps it's a more unusual one. Although we may continue to increase our exports of grain in the future for some time to come, I suspect that we've pretty much reached that plateau in terms of our productivity. We're told by soil scientists, for example, that our productivity of the soil is declining, that the organic material in the soil is decreasing, because we've been mining our soils. Because of the input costs being as high as they are relative to the unit costs that we're

receiving for our product, I suspect that we're not going to be able to continue to carry on the way we have in the past. I recognize that this is something of a peculiar view in the minds of some people. I think that a lot of people feel that we can continue to expand our productivity ad infinitum. I don't think we can. I think we've reached that point and are perhaps going to start sliding a little bit backward in the future. That, of course, is as an aside.

However, I don't know whether Canada can continue to export as much as people seem to feel that we can. We are in something of a peculiar situation right at the present time, because the Russians are not buying from the Americans, so the Americans are cutting back on their production. I know this isn't really tied into all of this picture, but it forms a part of it. It does form in a peripheral way.

I don't know whether or not the figure of 31.1 million is too large or, excuse me, too small. Certainly, on the face of it, it would appear to be, but I think there are other factors to be included there that could be a factor in the future.

**HON. A. ADAM:** Yes, I'm not sure what the situation is around here so far as how the grain is moved out, where it goes to, where the elevators are, but I know that in many areas in the province there are branch lines. It was mentioned in this document that shipping costs would be distant-related, which I'm not clear on what they are saying there; whether they mean that if the distance is longer, the charges would be higher; or whether they mean equal price for equal mile or equal cost for equal mile. I am just a bit unclear on that, but my interpretation is that could lead to variable rates and, as such, could mean, I suppose, that some branch lines would be paying a higher cost than on main lines. Therefore, there is a possibility that we could lose some of our branch line elevators and branch lines as well; vice versa. As a result of that, we could have a further pressure on our provincial roads which, of course, the taxpayers of Manitoba will have to absorb additional costs for road maintenance. As I said, I am not sure what situation is in this area, but I know that in many areas in the province that would apply.

**MR. CHAIRMAN:** Question please.

**HON. A. ADAM:** I wonder if you would care to comment on that.

**MR. R. LOEB:** Mr. Chairman, I would have to say that there aren't that many branch lines here. We had one down closer to the United States border, from Emerson east to Piney and beyond to Middleboro or South Junction. That line has been closed and taken up. The line up to Stead through Pine Falls, that direction, I think is no longer in operation and has been closed for a number of years. Aside from that, we have the two main lines running right through here but, generally, certainly what you are saying is absolutely true. I recognize that, and I think most people do, that to the degree that we close the branch lines and switch to highway transport, the costs are going to increase. There is no way around that and it's going to cost everybody more in the final analysis.

Grain is shipped more cheaply by railway than any other form, except for water, of course, and perhaps in the future balloons, but at the present time, if you have to compare truck transport with rail transport, rail comes out ahead. There is no question in the world.

**HON. A. ADAM:** Mr. Chairman, I wonder if I could ask Mr. Loeb if he has any comments to make on the Port of Churchill. I know that may not affect this area but, as a Manitoban, does he see a role for the Port of Churchill to play in our total transportation policy in Canada and in the province, I guess it is our only port for the province. Block 13, which is the area where my colleague from Dauphin comes from, most of the grain from that block, I think, would tend to go to Churchill, plus some of the Saskatchewan area, I think, would go and perhaps some from Alberta as well; perhaps in the northern parts. I am not too sure on that.

Do you think the Port of Churchill, if there is going to be a change of policy for transportation, that that should be included in the policy?

**MR. R. LOEB:** Yes, Mr. Chairman, in this regard, too, I suppose people are correct when they say I am a little bit peculiar. I've had the opportunity a few years ago of attending a number of meetings of the Hudson Bay Route Association. I have an interest in that organization and in the port. I have never had the opportunity to visit the port but I am aware of its history.

I think it's unfortunate that we haven't utilized that port to a greater degree. I recognize that the province can't take over the railway and make the port viable, but, yes, I am disappointed. We do have the port facility there, we don't utilize it to the degree that we could at the present time, and the fact that it cannot carry the hopper cars today, I think is another unfortunate thing. I think all around it's unfortunate. I think if we utilized it more, we would certainly be saving some money for the farmers, particularly in the park belt of the three prairie provinces.

**MR. CHAIRMAN:** Mr. Downey.

**MR. J. DOWNEY:** Mr. Loeb, I just have a couple of questions. You indicated that, No. 9 on the resolution, you felt that there should be a consensus by Western Canadians, or more of a consensus by the farmers before any legislative process takes place. Would you agree basically that's the case in most legislative changes or all legislative changes?

**MR. R. LOEB:** I think it depends on the circumstances, Mr. Chairman. Certainly that does happen in many situations. It doesn't happen in them all but, yes, certainly, I understand what you're saying and, certainly, I have to agree.

**MR. J. DOWNEY:** There have been several groups in the farm community that have made their positions well known: Manitoba Pool, United Grain Growers, Manitoba Farm Bureau, the National Farmers Union. Is there any one of those particular groups that you would feel comfortable with any of those positions that might be helpful to the committee - anyone in particular?

**MR. R. LOEB:** Mr. Chairman, you may have noticed that I am wearing a button which is put out by the



National Farmers Union, but if you look closely, you will notice that I have blanked out the NFU and the maple leaf on it. I am not a member of the NFU. I was at one time but I haven't been for 20 years.

Yes, I think if I had to take a position on that, and state it publicly, I would say keep the Crow the way it is right at the present time. I think if you made the argument that transportation costs would be related to the commodity prices, yes, then I think most farmers would be in agreement with that. But to unilaterally raise the rates without tying it to anything that is tied to the farm income, no, I am not in favour of that.

**MR. J. DOWNEY:** You indicated, Mr. Loeb that you are a dairy farmer. Do you have any other jobs or any work activity that you perform?

**MR. R. LOEB:** Mr. Chairman, I have been over the years, yes, certainly. I have worked out in the bush camps and . . .

**MR. J. DOWNEY:** No, I mean currently, as well as being a dairy farmer today.

**MR. R. LOEB:** I have a very minor government appointment.

**MR. J. DOWNEY:** And what is that?

**MR. R. LOEB:** I am the Chairman of the Farm Lands Protection Board.

**MR. J. DOWNEY:** Thank you.

**MR. CHAIRMAN:** Mr. Harapiak.

**MR. H. HARAPIAK:** Mr. Loeb, on No. 19, one of the selling points of selling the Crow, as said under the Agricultural Development Initiative, the Federal Government will undertake a five-year \$175 million package of agricultural development, and it would lead to assistance to farms and the farm organizations for activities leading to improve sustainable increases in production of grain and livestock. Do you see any opportunities for increased livestock production, or is there some market that we haven't recognized at this point?

**MR. R. LOEB:** Mr. Chairman, I noticed a while back in one of the financial papers that there was a study done by a branch of the Chase Manhattan Bank in Canada. They indicated that, in their opinion, there would be a small increase in livestock production in Western Canada if the proposed changes went through. I guess, primarily, they're basing that on the assumption that feed grains would be cheaper in the west because it would cost more to ship it away, and that's what I was referring to earlier on. However, that same study indicated that the levels of production, if they followed through, if they were accurate, they would only reach the levels that we had back in the 1970s. So I see that as very, very insignificant.

**MR. H. HARAPIAK:** Do you see any markets that we could expand on at this point?

**MR. R. LOEB:** Mr. Chairman, I'm not close enough to that. I think if you talk to the people in the beef industry or in the hog industry, the marketing boards, and so on, I think they'd be closer to that situation than I am. I don't think I can answer that.

**MR. CHAIRMAN:** Mr. Plohman.

**HON. J. PLOHMAN:** Yes, Mr. Chairman, just following up on what Mr. Downey just said about a consensus. He referred to the fact that you can't have a consensus necessarily in all legislation. I'd like to ask Mr. Loeb whether he's aware that the Federal Government said that they felt that any changes to the Crow that they might make should be supported by consensus of a majority of Western Canadians. Are you aware that they stated that?

**MR. R. LOEB:** I recall that the Prime Minister said that at one time, yes.

**HON. J. PLOHMAN:** I wonder whether you feel that then, therefore, would make that prerequisite more important in this particular issue than most issues when you're dealing with legislation?

**M. R. LOEB:** Mr. Chairman, I think that is more in the nature of a political question; I don't know if I should comment on it.

**HON. J. PLOHMAN:** Mr. Loeb, you feel, it seems, in answering Mr. Uskiw's questions, quite pessimistic about the chances of turning around this proposal by Pepin at this stage, and I would think that perhaps you feel that maybe Manitobans are generally cynical about even anything the Manitoba Government can do. I just wonder whether you feel that there is anything that we, as a Government of Manitoba, should be doing that we're not doing to bring this issue forward or to oppose this issue so that we can possibly skate it to the boards. Is there anything; should we be going on an advertising campaign? Do you feel, generally, that people are cynical about our efforts and do you feel there's anything else that we could be doing?

**MR. R. LOEB:** Mr. Chairman, I think an exercise like the one you have here tonight is certainly useful in getting the opinion of people out in the country. I don't know that an advertising campaign is something that I would support. I certainly was not in favour of the advertisement supplements that I saw in the Winnipeg Free Press over the weekend, which was put out by the Federal Government to promote the proposal. I don't think that governments should use their taxpayers' money for that type of - well, I don't know - I'm sort of ambivalent on that. It depends on whether it's informative or whether it's political propaganda, and often the line is very very fine between those two things.

I don't know, an exercise like this, and I suppose lobbying in Ottawa; some of the farm groups are now lobbying in Ottawa to the degree that they were not at first. I'm told that the lobbying that's been done in Washington has been somewhat helpful in addressing the problem of the Garrison with the legislators in the United States, so perhaps we should be doing what

the other groups have been doing in lobbying in Ottawa. I don't know; you fellows are closer to that; you know how power works and how it doesn't work. Perhaps you are more familiar with that than I am.

**MR. CHAIRMAN:** Further questions? Mr. Plohman.

**HON. J. PLOHMAN:** Just one question, Mr. Chairman. People who want to see the Crow changed argue that it has to be changed in order to guarantee that we can move our grain to market. Do you feel that because farm producers would be paying more for moving their grain that that would improve the movement of grain necessarily?

**MR. R. LOEB:** Comme ci comme ca, I don't know, Mr. Chairman. It could be; certainly it could, if the railways are going to be spending money on double tracking all across the prairies, through the mountains, and all the way to Vancouver - mind you, they're going to run into a bottleneck when they get to Vancouver. The Prince Rupert Port is opening up now. If they were to open more in the Port of Churchill, it would expand the capacity there, and if they expand the capacity of the rail line. It depends on where it's spent, Mr. Chairman; certainly it could do. As I see it, I think most of the money is going to be spent in B.C. in opening up the coal development there. I don't know; certainly it could.

**HON. J. PLOHMAN:** I would just ask your opinion whether you feel there will be a guaranteed movement of grain by this initiative, judging by the past performance of the present Minister with regard to issues in the past?

**MR. CHAIRMAN:** Mr. Loeb, the question sounds repetitive but if you have a different answer, we'll hear it.

**MR. R. LOEB:** There was some reference in here to a special grain transport - No. 9, Mr. Chairman - a new grain transportation agency will be established. One of the things that I underlined there, it says performance and service guarantees. Mr. Chairman, I recall that the original agreements that were made with the railways, for which they received umpteen billions of dollars, land grants, mineral rights, etc., not only were they supposed to be forever, but they were supposed to perform as well. They were supposed to keep up the railways in good operating condition. I suggest what they've done over the years is they've milked it, they've gone into other industries and other operations and siphoned off a lot and let the thing go to pot, and I don't see any reason why we should feel that they're going to perform any better in the future than they have in the past.

**MR. CHAIRMAN:** Further questions? Mr. Manness.

**MR. C. MANNES:** Mr. Loeb you've answered most of the questions that I had on my own sheet so, therefore, I only have one to ask you. Given the Pepin proposal coming into being, given that it does come forward, do you believe that yourself as a dairy producer and, indeed, all livestock producers should receive any Crow benefit as a farmer owning cultivated acreage?

**MR. R. LOEB:** Well, I have a vested interest, Mr. Chairman. Certainly, I think we're all aware that dairy producers provide 25 percent of the meat marketed in Manitoba. Now, that's a loaded question; I don't know that I should, as a livestock producer. We have a marketing board which gives us our cost of production. I don't know that I should be getting the benefit from the increased rates that grain producers are going to have to pay. I think it's tied into that. I'm not sure in my own mind that that would be fair.

**MR. C. MANNES:** Well, Mr. Loeb, I didn't mean it to be a loaded question, believe me; although the next one may be. You go on record as supporting the Crow, but I know - at least, I believe that the Manitoba Milk Producers Marketing Board has gone on record as supporting Crow rate reform and, of course, part of the reason for supporting it is because they have a vested interest, as you're well aware; that, indeed, they believe that they should receive some of the benefit. I guess I would ask you whether you are with them or against them in this particular issue. In other words, is your vested interest important or not important?

**MR. R. LOEB:** Mr. Chairman, the only reason that I made any comments at all here tonight was because of my concern about the global picture, not about my own individual situation. I think that I'd certainly have to come down against the directors of the Manitoba Milk Marketing Board on the position they've taken on this issue.

**MR. C. MANNES:** I'm through my questioning, Mr. Chairman. I just want to tell Mr. Loeb I've appreciated the answers he's given to many of the questions.

**MR. CHAIRMAN:** Any further questions from members of the committee?  
Mr. Adam.

**HON. A. ADAM:** Yes, just a follow-up on what Mr. Manness has raised on the payments on the acreage basis. I presume that any payments made on an acreage basis will be - it's intended, I believe, to provide funds for the farmer, the producer, to pay the railway, as taxable income.

**MR. R. LOEB:** I assume it would be; I don't know that. Certainly, the costs which accrue to the producer are tax deductible, or are considered a legitimate expense, so I assume that any payment would also be considered as a legitimate income. Certainly, they're offsetting, aren't they?

**HON. A. ADAM:** One last question. This committee, after it has had all its hearings, will have to meet and make a recommendation to the Legislature which will then be sent to Ottawa. What would you like to see on that message that this committee will make to the Legislature to send back to Ottawa? Should we support the Crow or should we, say, go back to square one, or what should we be saying?

**MR. R. LOEB:** I'd say to leave the Crow rate as it is and more power to the farmers in Quebec, and anything

that we can do to help them will probably do us more good than anything else we can do.

**HON. A. ADAM:** Thank you very much.

**MR. CHAIRMAN:** Seeing no further questions, Mr. Loeb, on behalf of the committee, I'd like to thank you for making your representation tonight.

Next is Mr. Dennis Nimchuk. Mr. Nimchuk.

**MR. D. NIMCHUK:** Mr. Chairman, members of the Agricultural Standing Committee, my first remark will be, "Keep the Crow." The Crow has been in existence for quite a number of years. It had certain things in it that were supposed to be in the interest of the Canadian economy. It had been amended in 1925, or confirmed, as this board said in this report from Mr. Pepin now. It was amended since then, and the only person that has the right to say how it should be amended would be the grain producer, because the Crow was an Act of the Federal Government for the grain producer and I'm sure that the grain producers can come to a consensus very easily.

It's been amended before; it could be amended again. The farmer already is subsidizing Canadian consumers with cheap food. That's been going on for years and years. The cost of production on the farms now is based on wheat being anywhere from \$11 to \$12 a bushel. The cost of machinery, the cost of land, the cost of input into the production of any grain is very very high. The grain producers cannot influence the railways to perform, even though the Crow said that the railways must perform, must deliver this grain to the ports. All of a sudden there were no box cars, and just outside of Oakbank there are hundreds of cars sitting there for the last 10 years, probably 1,000 cars on a siding.

Nobody wants to repair them or they say that they're not repairable, but there's no cars. The grain producer has paid for, through the Wheat Board, a large amount of producer cars. The Federal Government has put in producer cars. The western prairie governments have also purchased producer cars. The railways were not performing. I'm concerned that the Canadian Wheat Board will be endangered; their powers will be diminished. As I understand it, the Wheat Board must have authority to assign quotas, assign cars, and know ahead of time to make large-volume sales. With this new authority coming in, it will be a middleman in-between; yet it seems like they're watering down a little bit. The latest proposal from Mr. Pepin, they're watering it down; but the original one, the grain transportation authority, would have overriding powers over the Wheat Board.

The cap of 31-odd million tonnes, what crop should a farmer produce after that where it will be charged the full freight rate. Will the farmer diversify? He claims there'll be diversification. I submit to you gentlemen, that there will be limited diversification. It will be less than it is at present. The grain producer will seek to produce the grain that is the cheapest and costs the least to get it to market, where he will get the maximum return, and he will not diversify. Why should he pay the full rate over 31 million. He will produce something that will stay just about that 31 million and not worry about anything else.

Whether our grain-producing fields have the ability to produce more grains is questionable. They're mined already. The farmers are saying that when I'm finished, there's nothing left for my son; there's no soil left for my son to raise a crop. We're taking out prime land in the immediate area. Just around the City of Winnipeg, the floodway took out prime land. I'm not questioning that the floodway was necessary or not necessary, but prime agricultural land was taken out of production. In order to increase to the proposed 41 million in the next decade, are we going to force farmers to move into the bare country up North and try and make a living? They're having problems as it is.

The proposition to pay the producer instead of paying the railway will become a political football. As a farmer, I get a little discount on the gasoline I use for agricultural purposes. There's the opportunity to write off equipment. The city dweller has no idea why I'm entitled to this thing. Why am I entitled to that one-half cent a litre on gasoline? I pay the full shot if I go to the beach where I can't afford to go, but if I do, I pay the full shot; but if it's for production of grain, I get one-half cent a litre and they're concerned about it.

The final payments on any grain that we get, the average city person says, "That's a subsidy from the government." It's the farmer's own money. After the Pool is closed, it's his own money, and they're concerned that it's a subsidy. Now when this pay-the-producer subsidy comes about, it'll be a political football, and there's more city people, they'll be paying the farmers a subsidy and we will lose it because it may not be politically possible to keep it going.

The proposal would put higher costs on producers farthest from consolidated points. The Interlake area has problems already with branch lines closing. Locally here, Beausejour is on a branch line. It's a tremendously large point. I don't haul to Beausejour, I'm on the Hazelridge line. It's on the main line. There's miles and miles of track to get to Beausejour, and if the abandonment of railway or the upkeep of these branch lines is not maintained, one of our largest elevator houses in the province, Beausejour, might disappear. I'm concerned about it.

The rate at the present time is approximately 14 cents per bushel. In the first proposal that Mr. Pepin came out with, they talked about, the figure was 32 cents in the next crop year. In the next crop year, we have got a drop of 14 cents lower-price value of wheat and then an increase in the cost of transportation. Their latest, Mr. Pepin's proposal, it'll be 15 cents a bushel in the new crop year. Now, which one do we expect? They're dangling all kinds of figures. We have no idea what it's going to cost.

The first proposal said that in the '90s, the cost to deliver one bushel of wheat to the Lakehead would be approximately \$1 a bushel or over. In this latest brochure, he says it'll be 72 cents. Now, which one is it? We have no idea. There's nothing concrete. Again I repeat, gentlemen, that we keep the Crow and the Crow can only be amended by grain producers and nobody else. Thank you.

**MR. CHAIRMAN:** Thank you, Mr. Nimchuk.

Any questions for Mr. Nimchuk by members of the committee?

Mr. Uskiw.

**HON. S. USKIW:** Yes, you were alluding to the current and potential cost to move a bushel of grain to Thunder Bay. You used the word "bushel". I presume you must have meant cwt.

**MR. D. NIMCHUK:** I said approximately 14 cents a bushel.

**HON. S. USKIW:** Yes, you must have meant cwt though.

**MR. D. NIMCHUK:** It's 14 cents a cwt actually.

**HON. S. USKIW:** Okay. I'm going to ask you the same question that I asked the previous speaker; and that is, in your view, what can anyone do at this stage to change the position of the Government of Canada on this issue?

**MR. D. NIMCHUK:** I have no idea what can be done. You said that they're not listening to the provincial governments. The grain producers and the other organizations are lobbying whether they will have any effect on it; we haven't the slightest idea.

The Federal Government has a substantial majority and they can railroad this thing quite easily without any concern whatsoever.

**HON. S. USKIW:** Let me ask you a loaded question. What power do you think the members of Manitoba Pool have in turning this question around?

**MR. D. NIMCHUK:** As a secretary of the subdistrict council here - we have a few councillors present here - we sent about two months ago a strenuous objection to the highest authorities in the Federal Government. We don't know how much effect it has. We are at times even concerned about the position that the Pools have taken in their deliberations in Ottawa.

At the meeting in Oak Bluff, the executive of the Pools had no authority from the membership to negotiate. They had direct, definite authority or direction from the membership that they were concerned, that they wanted the Crow kept; if there was anything to be done, then the Crow could be amended, but how much influence they have, I wouldn't know.

**HON. S. USKIW:** Are you taking the position that there should be no change at all, or are you taking the position that the change can be there, but it ought to be protected by statute?

**MR. D. NIMCHUK:** I'm not taking the position that no change should be made, but change could be made with the consensus of the grain producers. At the present time, the proposal it has is going to take over \$100 million or \$200 million out of the agricultural economy in Manitoba. How much can the grain producer afford to pay extra?

**HON. S. USKIW:** My last question then is: Would you favour a system which tied freight rates to the price of grain?

**MR. D. NIMCHUK:** More so than anything else.

**MR. CHAIRMAN:** Further questions for Mr. Nimchuk. Mr. Downey.

**MR. J. DOWNEY:** Mr. Nimchuk, just one or two questions. You indicate that any change you would suggest that should take place should be a consensus of Western Canadian grain farmers and that any opposition to change should be respected by the government involved. That being the case, and we pretty much all agree that in the history of this whole Crow rate that the benefits were, in fact, in place for the grain farmers of Western Canada, could you tell me why the farmers of Quebec are opposing the change to the Crow rate? If the benefits are for the farmers of Western Canada, why is Quebec now opposing these changes?

**MR. CHAIRMAN:** Mr. Nimchuk, before you answer, I'm going to ask the Clerk to shut off that heater. I noticed people were getting cold and I didn't think it would be that noisy. Could you shut it off please? I think people are getting cold, but I think they'd rather be cold and hear, than be warm and deaf with that noise on.

**MR. D. NIMCHUK:** Mr. Chairman, we know that the eastern producer, Quebec producer especially, has had special considerations in getting feed grain for their use. The price of our feed barley is dictated by the price of U.S. corn. The movement of grain to eastern feeders has special privileges and I suspect - I don't know - that they are concerned that some of those special privileges may erode if this thing comes through. They must have personal interest in it, rather than western interest in it.

**MR. J. DOWNEY:** Thank you, Mr. Chairman.

**MR. CHAIRMAN:** Further questions for Mr. Nimchuk? Mr. Manness.

**MR. C. MANNES:** Thank you, Mr. Chairman. Mr. Nimchuk, you made the comment, the only people who should have a say in Crow reform is the farmers.

**MR. D. NIMCHUK:** Grain farmers.

**MR. C. MANNES:** Grain farmers. CN tell us that under The National Transportation Act that they are under law, all railways are, under law, required to not take a financial loss in moving anything. A Royal Commission appointed by the Right Honourable John Diefenbaker ruled in 1961 that all grants given to railways were done to build a railway, and that the governments of the day cannot build and, therefore, that when considering the railway shortfalls that these grants should not be taken into account.

With that type of background, can you tell me who should pay for the investment required to move our products? Indeed, should it be the taxpayers of the nations completely, or indeed, should politicians not even enter into the area of the Crow, but only farmers, like you claim, grain farmers, move into that area?

**MR. D. NIMCHUK:** There are many instances, Mr. Chairman, where special considerations have been

given to various modes of transportation where the Canadian taxpayer foot the whole bill. In the case of the grain movement system, the grain farmer paid and provides for the grain elevator locally; he paid for the terminals at the ports; he's paid for all that staff and they're making a hell of a lot more than I am. The grain producer has been paying a bigger portion of the cost of transportation than the person flying anyplace. I can't, offhand, just quote you another one, but aviation gets a huge taxpayer grant. The airports are completely built by the taxpayer. The building of that Canadian aircraft, billions of dollars are paid in by the taxpayer. Why should the farmer here pay the whole shot on transportation?

As the Minister of Transportation pointed out that, at the best of times, grain will be only 16 percent of the total movement on the railways. I submit to you that why should we be paying for everything?

**MR. C. MANNESS:** Mr. Chairman, I would like to ask a question in a little different vein. Mr. Nimchuk, you say you're the President, or the Secretary, of the sub-district council?

**MR. D. NIMCHUK:** The Secretary?

**MR. C. MANNESS:** By my calculations, by 1990, if you're paying 14 cents a cwt in this area, or approximately 8.6 cents a bushel, at five times the rate, should that come to pass, you would be paying in the area of 42.5 cents a bushel to move a bushel of wheat. If the same forces of inflation that will cause the railway costs, through Pepin's proposal, to increase five times are at work, you and I, as people who deliver grain to Manitoba Pool, will be paying \$1 a bushel to elevate grain in that elevator. I'll guess I'll ask the question. Are you as concerned about other factors that are caused by inflation to increase very substantially?

**MR. D. NIMCHUK:** Mr. Chairman, in this brochure, in the next decade - that's in the 90s - the rate could reach 72 cents a bushel. You know, now you said, 48; I hope that somebody was liberal. But, in the next decade Pepin's brochure says 72 cents; now that's only one aspect. If everything else increases, what is the price going to be of gasoline? What's the price of diesel fuel? What's the price of equipment? What's the price of land in the next decade?

**MR. C. MANNESS:** Mr. Chairman, I have that brochure somewhere here, too. I don't know if it is 72 cents a cwt, or 72 a bushel.

**MR. D. NIMCHUK:** 72 cents a bushel.

**MR. C. MANNESS:** I am just using the five times factor which we commonly do, and I know right now you pay 8.5 cents; I pay 9 cents where I farm, so five times whatever we're paying should lead to that factor. But I'm concerned about the 20 cent a bushel handling cost that I am paying now, too, and in applying that same factor of inflation, we'll be paying \$1 a bushel to elevate grain. I'm wondering, does that concern you too.

**MR. D. NIMCHUK:** What is going to be left at that point? There is no guarantee, none whatsoever, that

the price of grain is going to go up more. We know that price of Canadian grain is dictated by the world market. If that be it, it could stay there or it could go down, but yet our input costs are going to be drastically increasing and we might as well just quit farming.

**MR. CHAIRMAN:** Further questions? Mr. Orchard.

**MR. D. ORCHARD:** Mr. Nimchuk, the rate that's in that brochure is similar to what we have in Item No. 2 on the Western Transportation Initiative where, I think, they're using in the brochure, hence the confusion. They are using in there an average across the prairies and that's why - I think, the figures are 13 cents, going to 72 cents in there. Similarly, in the handout tonight at the door there, 4.89 a metric tonne is the prairie average, whereas Manitoba is 3.65. In Manitoba, I think our range in freight rates is about 8.5 in the lowest region because you're close to Thunder Bay, and I think it goes, for lack of a more accurate figure, to 11.5 cents on the west side. The consensus or the projection is that it's going to be five times, or 5.5 times, your present rate by 1990, and hence there's always those confusions on the numbers but, for each point, I guess you would do about 5.5 cents.

**MR. CHAIRMAN:** Please proceed. I think your explanation was valuable, and the interjections from the Member for Morris and the Member for The Pas are out of order. Carry on.

**MR. D. ORCHARD:** Thank you, Mr. Chairman, I appreciate that, if you would be so kind to me in the House.

You mentioned a point that was interesting in response to Mr. Uskiw earlier on. Your concern is in the present proposal as it's being made and that there, in fact, hasn't been a consensus reached amongst farm producers in western Canada, but you indicated a willingness to sit down and try to come to a consensus so that we do contribute more as grain shippers.

**MR. D. NIMCHUK:** . . . but the immediate is that there's a 12 cents a bushel drop in the price of wheat already for . . . can the grain producer afford to pay extra? Fertilizer has gone up, gasoline is going up, machinery isn't coming down, the cost of repairs is ridiculous.

**MR. D. ORCHARD:** In any change, or in any process of change would you favour having, and I'm not sure whether you answered this or the previous one, about having any freight rate tied as a percentage of the value of the grain?

**MR. D. NIMCHUK:** Mr. Chairman, that would be the most logical one. If the price of grain goes up then the farmer would be prepared. I think the grain producer would be prepared to pay a higher amount providing that his return is . . .

**MR. D. ORCHARD:** I will apologize in advance to my honourable colleagues. This will be more a comment than a question but, you hit upon a couple of areas that a lot of people are beginning to maintain, that

already farmers by being taxpayers have contributed to branch line subsidies which have been there to maintain movement of grain.

We're buying, as taxpayers, through the Federal Government, we're already buying rolling stock, and we're buying it directly as producers through the Canadian Wheat Board. So we're really one step down the road already as grain producers in that we're paying more than the Crow rate right now. The problem is we don't know really what it is, or what the value is and I think that comment was a very fair comment.

**MR. D. NIMCHUK:** We have no estimate of the extra that the grain producer has put in. Nobody has submitted that already.

**MR. CHAIRMAN:** Further questions?

Mr. Adam.

**HON. A. ADAM:** Mr. Nimchuk, The Member for Arthur, Mr. Downey, asked you a question about why the Quebec farmers would be opposed to this change if, in fact, what the federal people are saying that it would lower the costs in the province in the west.

The fact that Mr. Pepin when he made his announcement in Winnipeg, I think it was February 8th, I'm not sure, if it was '82 or '81, indicated that any adverse effect that would come about by the change on the Quebec producer, that there would be subsidies to provide that, to overcome that.

I'm looking at the paper that they send out to the producers in Quebec. It is all in French and it starts out by saying, Good-bye Crow, you're going without a war. "Crow Goes Without a War", that's the heading there. But on No. 5 it says that . . .

**MR. CHAIRMAN:** Could you come to your question please?

**HON. A. ADAM:** Yes, the government will keep the present subsidies that are provided to the Quebec producers. They also announce several other benefits that will accrue to Quebec producers if the Crow is changed. So my question is this, given the fact that there's all these benefits that have been given to the Quebec producers, guarantees that they won't be affected by increased production in the west of livestock and so on. What other reason, than that they don't trust the government with their package, not only this government, but any future government because in your comments you said that it would be a political football. I take it from your statement that you don't trust the package, what they're trying to put in, by your comment that it'll be a political football.

**MR. CHAIRMAN:** Question please.

**HON. A. ADAM:** Is that correct?

**MR. D. NIMCHUK:** Mr. Chairman, the reason we're opposing to this change because it's in our interest, it's going to cost us more and the only reasoning that I could submit to you why Quebec producers are opposed to this proposal is, it must be against their interest. If there's any possible chance of increasing

livestock production and instead of our feeders going down to Toronto and east and they would be finished off in here naturally they'd be concerned. We doubt that this will happen because our climate in the first place, our producers are not geared for that type of increase. There's only certain areas in the Province of Manitoba that lend themselves to heavy livestock production. The land is too expensive.

The whole setup that is there, it could be changed by whim of the new government that comes in. They may not honour this thing. The subsidies that the Quebec producer gets, they may not even honor those. We know that any subsidy that the western producer, that I get, my city friends are concerned about it because they think that that's taxpayers' dollar.

A lot of them, I'm entitled to it, as a grain producer, I'm entitled to it. I use more gasoline than the average person, more diesel fuel. There's no rebate on diesel fuel. Some of the tractors use gasoline. I get a little bit of a rebate on, oh, I have the option of writing off equipment as depreciation.

They are concerned, well, how come my income tax, I have these things to write off. I think that the Honourable Minister put it quite bluntly that all these subsidies and all these proposals could be a political football. The next government can change the whole thing. Go to another false exercise and change it again.

**MR. CHAIRMAN:** Mr. Adam, could I ask honourable members to keep their questions to the point because we still have two other persons to hear from tonight.

**HON. A. ADAM:** Yes. Then I take it that given this uncertainty that you feel yourself and the previous speaker, you would prefer to leave things as they are. That was your opening comment, to keep the Crow, you would prefer to keep that in the uncertainty that could come about if it's changed.

**MR. D. NIMCHUK:** Yes.

**MR. CHAIRMAN:** Mr. Plozman.

**HON. J. PLOZMAN:** Mr. Chairman, very briefly I think Mr. Nimchuk, you've made a strong case against changing the Crow at least unless the grain prices increase correspondingly. You've said that. Do you think a combined federal opposition could be sufficient to skate this thing off to the boards, stop Pepin's proposal at this time?

**MR. D. NIMCHUK:** It could be pretty warm for them, Mr. Chairman.

**HON. J. PLOZMAN:** Do you know, Mr. Nimchuk, whether the federal New Democrats, and the federal Conservatives are against this proposal? Do you know in either case or both?

**MR. D. NIMCHUK:** Mr. Chairman, the only person that I know that is, is the Honourable Jake Epp. We had him at a meeting in Beausejour and he accepted our resolution completely. We had no federal NDP member, Mr. Uskiw was present at the meeting and he accepted the resolution presented at that meeting wholeheartedly.

**MR. CHAIRMAN:** Mr. Plohman.

**HON. J. PLOHMAN:** Mr. Nimchuk, would you deduce from the fact that Mr. Epp accepted the resolution that the federal Conservatives then are against the Pepin proposals, and do you expect then that you're going to be hearing a lot from them as this resolution comes into the House?

**MR. D. NIMCHUK:** I think so.

**MR. CHAIRMAN:** I think the question goes beyond the subject of our meeting, but, Mr. Nimchuk, if you have a short answer we'll hear it, but we'll ask Mr. Plohman not to pursue that.

**MR. D. NIMCHUK:** I think so, I hope so.

**MR. CHAIRMAN:** Are there any further questions on the subject of our meeting?  
Mr. Plohman.

**HON. J. PLOHMAN:** I hope so too, Mr. Nimchuk. I noticed that you are very concerned about Beausejour. You mentioned that you felt that as a location on a branch line that there could be a possibility of some serious problems there if variable rates came in and that branch line were abandoned as many have in the past. How serious do you think this proposal is for rural Manitoba? What do you think are going to be the results if it goes ahead as proposed?

**MR. D. NIMCHUK:** Mr. Chairman, in the original Pepin proposal they talked about consolidated points, consolidated areas. We're concerned, as the average grain producer in the Interlake area where they are further away or the gentleman here, where they're further away, if he has to draw grain to a main line, that's an expense. I've forgotten what else I was going to say. The producer that is further away from the area will be penalized further than just the freight rate. One of the gentlemen brought up the road system, should the provincial taxpayer improve the road system to take the heavier trucks to deliver grain to larger consolidated places? We know that some of those things are almost impossible. The road system cannot take those big semi's with 1,000 bushels or 1,200 bushels of wheat on it.

**MR. CHAIRMAN:** Further questions? Mr. Plohman.

**HON. J. PLOHMAN:** No.

**MR. CHAIRMAN:** Mr. Uskiw.

**HON. S. USKIW:** Just one question, Mr. Nimchuk. Given the fact that the Government of Canada does not have any elected members in Western Canada outside of the two in Manitoba and they are urban members, would you believe that if there was a majority of Western Canadian MPs opposing the proposals that are now just about to be put before parliament that the Government of Canada will back off?

**MR. D. NIMCHUK:** I don't know, I'm not a politician, Mr. Chairman.

**MR. CHAIRMAN:** Mr. Bucklaschuk.

**HON. J. BUCKLASCHUK:** Thank you, Mr. Chairman. Mr. Nimchuk, just two or three short questions. You made some reference previously to the proposed grain transportation agency. Do you feel that particular agency might usurp some of the authority of the Canadian Wheat Board?

**MR. D. NIMCHUK:** Mr. Chairman, the Wheat Board itself in its initial look at the presentation was concerned that certain portions of its authority were going to be curtailed or eroded. As I understand it the Wheat Board must have the authority to place quotas, to draw certain grains as the market demands, they must know ahead of time what is available, where it's available, when it should get to the ports for overseas sales. If any of this setup is curtailed in any way, then we can't have the sales that we've enjoyed so far.

**HON. J. BUCKLASCHUK:** Well, who do you feel the transportation agency would be more responsible to, to the railways, or to the producers?

**MR. D. NIMCHUK:** To the railways.

**MR. CHAIRMAN:** Mr. Nimchuk, would you repeat your answer when the mike's on?

**MR. D. NIMCHUK:** The transportation authority would be more responsive to the railways than to the Wheat Board.

**HON. J. BUCKLASCHUK:** I have a further question, previous to Mr. Loeb's presentation or just following it, Mr. Uskiw referred to the tremendous costs that are involved in the upgrading of the western rail system, I believe a tunnel itself, is something like \$600 million worth. We're talking about billions and billions of dollars. A good portion of that would be paid by the grain producers in all grain-producing provinces. Of what benefit would this immense investment of billions of dollars in the western provinces be to the grain producers in Manitoba?

**MR. D. NIMCHUK:** I don't know, but the present heavy movement of grain - I'm just a layman, just a farmer - if there was movement of other commodities for overseas shipment, I don't think we would have had the 31 million tonne movement. The sale of western wheat balanced the Canadian international trade, or we were even to the good. If it wasn't for the wheat in the last few years, we would have been in shortfall in the world balance of trade as far as Canada was concerned, if it wasn't for the wheat.

**HON. J. BUCKLASCHUK:** What I'm getting at is, that again, there might well be some benefit to farmers in, let's say, Alberta in getting their grain to export points, but where does most of Manitoba grain, in which direction does it travel?

**MR. D. NIMCHUK:** The bulk of Manitoba grain goes to Thunder Bay.

**HON. J. BUCKLASCHUK:** One final question. Assuming that the Pepin plan was not accepted and

the costs that the railways have to bear would put up by the Federal Government or by the people of Canada, would you assume it to be quite proper that the Government of Canada should consider its investments in the rail system as equity?

**MR. D. NIMCHUK:** That's again a political decision, but the taxpayers have paid huge sums in the Mirabel and there is no reason why the taxpayers shouldn't pay the bulk of the improvement on the rail improvement. The railways in its original agreement with the Crow rate, they received equivalent of millions and millions of dollars in today's standard of concessions and those are not taken into consideration when this Gilson Report was brought up. There was no consideration whatsoever of the whole movement. Our elevator at Hazelridge where it's sitting is paying, I believe it's \$2,300 a year rent to Marathon Realty and that isn't taken into account in the cost of transporting the grain from Hazelridge to Thunder Bay. That is separate, they chose not to even look at that.

**HON. J. BUCKLASCHUK:** All the money that the Government of Canada is presently putting into the transportation system, should that money be considered as a transportation subsidy or as a producer subsidy?

**MR. D. NIMCHUK:** Transportation subsidy, Mr. Chairman.

**MR. D. ORCHARD:** Mr. Nimchuk, currently you've got a split where grain goes west, say, all of Alberta grain goes to the West Coast; all of Manitoba's, theoretically, goes to Thunder Bay; Saskatchewan is something inbetween. Under the current Wheat Board quota system, if Alberta grain had to move through Thunder Bay would you expect that we'd have as high a quotas as we enjoy with the current split going each way and using both ports?

**MR. D. NIMCHUK:** It seems normal, or natural, that the terminals at the Lakehead can only handle so much grain and, for some reason, they were built to handle that much possible grain, and only physically they can handle so many bushels, not anymore. If all of Alberta came in there, then here at Hazelridge we probably only would have half of the quota.

**MR. D. ORCHARD:** Mr. Bucklaschuk seems to indicate that there'd be no advantage to Manitobans by having improved capacity going west to the West Coast. I would think that that would not necessarily be the case, because the more grain that went through the West Coast, the greater the opportunity to put more quota acre bushels through Thunder Bay for us and our quotas could well be higher, not lower. Would you think that might be an advantage to having as much grain as possible going west?

**MR. D. NIMCHUK:** Mr. Chairman, the way I understand it, the quotas average out in the whole of western Canada, regardless of what happens, but at a certain time they average out that they would all have about the same amount, so I don't think that that's a problem.

**MR. CHAIRMAN:** Mr. Manness.

**MR. C. MANNESS:** I want to reinforce that particular point because members of the government seem to feel that Manitoba grain has first right to eastern trackage and to eastern terminals. Is it not correct, under the Canadian Wheat Board system, that a bushel of wheat grown in the Peace River district has as much right to the rail capacity in the eastern prairies, and to the terminals in Thunder Bay, than a bushel of wheat grown right here does under the Canadian Wheat Board system. Indeed, if that bushel of wheat cannot move west they have as much right to move east as our very own grain grown here.

**MR. D. NIMCHUK:** Yes, but every producer in Western Canada should have the same right regardless where it is.

**MR. C. MANNESS:** Right, that's what the Wheat Board system is all about.

**MR. D. NIMCHUK:** With the Wheat Board system, but they've chosen that this portion goes this way and this portion goes that way.

**MR. C. MANNESS:** We won't ask questions then.

**MR. D. NIMCHUK:** Another thing, if the farmer from Peace River, I don't think that he should pay the extra freight to move it to Thunder Bay, because it's not good business.

**MR. CHAIRMAN:** Further questions? Mr. Plohman.

**HON. J. PLOHMAN:** Mr. Nimchuk, are you aware that 84 percent of the need for extra capacity for upgrading the railway to the west coast is to haul coal and potash and sulphur, rather than grain?

**MR. D. NIMCHUK:** Yes, Mr. Chairman. Mr. Uskiw brought that up quite clearly the first time, that at the best of times grain is only 16 percent.

**HON. J. PLOHMAN:** Mr. Nimchuk, are you aware of what the present percentage of capacity is in the volume that is hauled to Thunder Bay, to the Lakehead?

**MR. D. NIMCHUK:** Could you repeat the question again please?

**HON. J. PLOHMAN:** Do you know at what volume the railways are operating with regard to transportation of goods to the east, to the Lakehead?

**MR. D. NIMCHUK:** What volume?

**HON. J. PLOHMAN:** What percentage of capacity are they operating at?

**MR. D. NIMCHUK:** No, I have no idea.

**HON. J. PLOHMAN:** I understand, Mr. Chairman, from a CN representative, that it is at 30 percent of capacity - the current operation - so there is a great deal of capacity left, in terms of the haulage to the Lakehead.



**MR. CHAIRMAN:** I don't think that was a question.  
Mr. Uskiw.

**HON. S. USKIW:** Yes, I just wanted to make a point, Mr. Nimchuk, that my statement was to the effect that the increased tonnages that are going to be, or are expected to be, moved between now and 1992, represented by 16 percent in grain and the balance in those other commodities; not the current transportation system, but what is expected in the growth pattern of tonnage movement in Western Canada.

**MR. D. NIMCHUK:** Mr. Chairman, I said, at the best of times, it would be 16 percent.

**MR. CHAIRMAN:** Are there any further questions? Seeing none, thank you very much Mr. Nimchuk for your presentation.

Mr. Steve Fosty. Mr. Fosty please.

**MR. S. FOSTY:** Mr. Chairman, I don't have as much years in agriculture or farming as the gentleman before me, but I can certainly understand what they are saying. I grew up on the farm also, so I'm not totally ignorant of the situation. I've farmed for the last five years myself and they haven't been easy years and they're getting tougher years. We've been through so much in the last four or five years - I'll leave the weather aside, because it's always been there - with increased costs, and inflation, the high interest rates, everything is just building up on us, and I think the Legislative body here can probably, through the last media reports and what's happened in the last year in agriculture, kind of proves the sad shape that agriculture is in.

Under those hard times and just a poor outlook in agriculture, I can't see any change in the Crowsnest rate. I just simply can't afford it. How much am I expected to pay? Sure, it's one issue but all these issues together, and let this be the one that we're going to stand on and fight on. It seems to be that they want to break the farmer, throw him off the land. It seems like governments want to own the land; it seems like banks want to own the land; it seems like grain companies want to own land and they want to throw the farmer off the land; and the Crow rate will probably be the straw that's going to break the camel's back because is the last thing that we have.

I'm no authority on the issue, I've been to quite a few meetings, and from the meetings that I have gone to it seems that the majority of the people do not want to change, okay? The whole issue has been clouded. There is more than just the cost of moving grain; it's the coal and all the other statutory things that the CP and the CN are tied to. They took part of the country, now it seems like they want to take the rest of it, and they probably will if they can change this thing. Like I said, most of the people don't want it and many of the people are undecided. The only pro Crow rate change I can see is the big grain companies, and people like that, the CN, the CP, who will realize a large profit from the charge. To hell with the farmers.

It was mentioned earlier that Mr. Trudeau, when this was proposed, said if there was a fight against it, or a consensus against it, that he would scrap the whole thing. I think that should be evident, it should be clear

to the Legislature that there is consensus against changing the Crow, and let's go to him with that and hold him to his word, for what that's worth at times. That would be one suggestion that I would have to give the Assembly. There is an injustice; why does the railway deserve a cost of production when the farmers don't? I mean, it doesn't take much figuring, I know we don't always present our figures as professional as some industries are, and maybe we're going to have to get more that way, but we have just been raped and I think we are going to get thrown off the land. My grandfather farmed some of the land that I have and it wasn't easy then and it's not easy now. I'm not complaining about that, but there is a big threat against agriculture, as I see it, and as a lot of farmers see it.

All these proposals and all this, to be honest with you, I don't know what really happened to me and I don't think every farmer does. That's why we do not want the Crow to change, okay. But when you start talking about issues and this and this and that, then things get turned around. We could sit here all night and talk about the proper amount of toilet tissue to use in the bathroom, but that's not the whole issue. The issue is that we just don't want to change; that is the main issue. Financially, we can't afford it; we could probably afford it when times get better. This seems to be a bad time economically. The whole world, the whole country is in a poor state.

I'm still proud to be Canadian and I have a bad feeling about this whole thing, because it's the same thing, the eastern power has, or is trying to, is going to, shove another thing down our throat and we, as westerners and Canadians, are going to have to accept it. Now I think we should get up there and fight, whatever it takes. We've been doing a lot of things. We haven't maybe told you guys exactly how we feel and maybe that is why it's taken such a long time for something like this to come together. I understand the bill is supposed to go through Parliament next week and we may be a little bit late, I don't know. We have to do something pretty doggone quick, but please let's do something because, let's face it, we can't afford it, guys, that's all, unless you want us to be tenant farmers.

I don't know if you recognize the importance of agriculture or not. I seem to recognize it, but maybe that's because I am a farmer. We talk about unemployment and stuff like that; let's face it, us farmers employ a lot of people, too, but that's not the issue that we are on. This Crow rate will break a lot of farmers.

**MR. CHAIRMAN:** Thank you, Mr. Fosty. Questions for Mr. Fosty?

Mr. Uskiw.

**HON. S. USKIW:** You keep using the words, "bad economic times right now." From that, I glean a little flexibility on your part and perhaps I'm reading you wrong; if I am, you can correct me. Are you trying to tell us that if freight rates were related to the price of grain that is more acceptable?

**MR. S. FOSTY:** It would have to be something like that. Okay, we're not unreasonable people at no times. We always paid for what we got, okay. But at this time, the way things are, I say we can't afford an extra cost

to move the grain. Maybe in the future things will change and there will be some money. I don't think the CN and the CP - I don't know their finances - that is beyond me, let's say, beyond most farmers.

We have had to get more efficient over the last few years, produce more, grow more. We have upped our sales in grain to - what was it? Approximately \$30 million, this figure was, or a million bushels. Then I hear figures of the CN only handling 30 percent. We all have friends in the city who work for the CN or the CP and these guys aren't having a hard time. Sure, some of them are, but they haven't worked any more hours a week last year or got any less pay or anything. There is a big injustice in this thing and it's an insult to the farmers.

**HON. S. USKIW:** You're not representing any organization here, are you?

**MR. S. FOSTY:** No, I'm an individual.

**HON. S. USKIW:** You're as an individual, as a young farmer.

**MR. S. FOSTY:** That's right.

**HON. S. USKIW:** Do you believe that this process here is worthwhile?

**MR. S. FOSTY:** Yes, I believe it is worthwhile. I have had, at times, bitter thoughts and feelings about our Legislative Assembly or our whole parliamentary system. I guess we all question it at times. This gives me the chance to speak out. It probably should have been on a more professional basis or something, or in a brief type of form. It gives me new light and gives me some encouragement that maybe we can do something.

Maybe on this issue, let's not call each other names or do this, you know, we have hog farmers, grain farmers, cattle farmers, dairy farmers. I think we all are in the same boat on this thing. We shouldn't say, it's good for you; it's not good for you. I don't think any political party should be fighting against it. We have to all pull together to beat this thing.

**MR. CHAIRMAN:** Mr. Plohman.

**HON. J. PLOHMAN:** Mr. Fosty, do you feel that we should present this in Ottawa to the committee that will be set up by the Federal Parliament to hear presentations, either for or against the bill, at one point in legislation. You mentioned earlier, first of all, that you thought we were too late, however, there will be an opportunity for presentations on that bill in Ottawa, and I'm wondering whether you feel that it would be worthwhile for us to make presentations in Ottawa with our report from this committee, as opposed to, say, sending a copy of our report to them.

**MR. S. FOSTY:** I think that's essential. I think more should have been done earlier. If there is still time, let's go ahead and do it. We have to try and stop it.

**HON. J. PLOHMAN:** That's an interesting comment. When you say, "more should have been done earlier",

are you speaking about the Provincial Government or do you think that the Federal Government should have done what we're doing right now, sent out a committee to hear the views of producers before making a decision?

**MR. S. FOSTY:** Yes. That's the insult I was talking about, the Federal Government shoving something down our throats again. It's this east-west thing. I don't totally understand - and I do not want to be critical of my provincial government and the political parties - I have read so much on this thing and the newspapers, the articles are always true, I have found that out. I have attended meetings, I have talked to some MLA's at times, phoned one or two.

Don't get me wrong, I am not criticizing you or anything. There has been so much talk on this thing, it's been going on for quite a while, yet, I haven't seen anybody take - a political party, anyway - a good stand on it, a human stand, a moral stand on it, at least. I lost my thought there. Maybe, it's not proper in political circles, I don't know, but please don't sell us down the drain.

**HON. J. PLOHMAN:** Can I gather from your remarks then that you don't think we were taking a strong enough stand here in Manitoba against the changes that Pepin is proposing?

**MR. S. FOSTY:** I think the stand, at times, could have been stronger.

**HON. J. PLOHMAN:** That's good.

**MR. CHAIRMAN:** Mr. Adam.

**HON. A. ADAM:** Thank you. Mr. Fosty, you made two comments. The last one was, we must try and stop it. We have got to do something quick was the previous comment. You have said, we've got to try and stop what is happening now. What do you think we should do, in addition to what we are doing now, trying to get that consensus one way or the other? Pepin says that the provinces have no involvement in this; that it's between the Federal Government and the farm groups. He feels that we should not be involved in this exercise. What should we do? Should we lobby to Ottawa? Should we march on Ottawa? Should we have a letter campaign, whatever? What should we be doing in addition to this?

**MR. S. FOSTY:** I heard it mentioned earlier that Pepin was not going to recognize any provincial comments or briefs on it or anything. I think I am a Canadian, us all in Manitoba, and Western Canadians in Canada are Canadians. We voted in our provincial governments, we voted in our elected officials to speak for us. I would think then they would somehow - now I'm not sure, but I think it could be possible. They could have some influence on the Federal Government with enough farmers behind them. Maybe that's been a problem. Maybe it hasn't been collected into one big body or not. Maybe we should have four or five thousand farmers at the Legislative Buildings next week. Maybe we should have a thousand in Ottawa the week after.

We've written letters; we've had phone calls; we've had meetings; I think there has got to be at least four or five petitions on the issue presented to the governments. The farmers have been trying to get the word across. Naturally, there have been differences, but the total consensus is that we want the Crow to stop.

So how we support you guys - I realize your positions also - how we support you and stop this thing, that suggestion of - I certainly wouldn't want to go through a riot or a revolution or draw blood or anything, but I think we are about ready to do anything we have to do with some guidance, okay.

All the farm groups have different interests. Cargill or Pallisers and Pool and everybody have different issues, have different interests financially and politically. So the only one left out in the cold is the farmers because they have really no one, big united thing. The NFU has done a good job on it. Other farm groups have done a good job on it, but we're, collectively, not as big, or separately, we're not as big and powerful as the guys that we are fighting. I think we need some guidance.

I still recognize your problem - Pepin said, well the provincial governments can't do anything on this. I think we can somehow. If we're all behind you guys, I think we can do it.

**HON. A. ADAM:** Thank you. Are you saying then that there is a lack of leadership in the farm groups, or is there something lacking there to get that momentum going to get your views across?

**MR. S. FOSTY:** No, I'm not - I don't want to insult any farm group or blame any farm group. Just as all the different issues again in this brief, you get everybody having a different opinion, a different comment, while the main consensus is, keep the Crow. Okay, we need one big power or something provincially or even westernly to do something with a little more clout than just a farm group, maybe. Maybe some bill through provincial governments or something could do it. I am not quite sure, but it would seem that might help.

**HON. A. ADAM:** You mention in your comments that we shouldn't be taking party lines on this issue, as the issue is of such magnitude that you think that all parties should set aside party politics and get a united front on this to try and retain the Crow. I think I understood you to say that. Is that correct?

**MR. S. FOSTY:** Yes, that's correct. That is so correct. It is essential. If you study how many farmers you're going to lose and then the hardships and everything through this one bill here, that's correct.

**HON. A. ADAM:** Mr. Fosty, you said you weren't representing any group, but you are a member of the Pool or United Grain Growers?

**MR. S. FOSTY:** No, I'm a member of a small farm group in our area. I hold a delegate's position on the Canadian Agricultural Movement. I attend most of the NFU meetings and pretty well generally try to get around and among the people as much as I can. I'm not really

a strong, stout supporter of really any one farm group. I believe the price and the cost of production that we're getting is the most important thing, but I'm not pro this, pro that. Just along with, I think, the majority of farmers, we want to keep the Crow, and that's why I'm here tonight.

**HON. A. ADAM:** You're a member of a Pool?

**MR. S. FOSTY:** No.

**HON. A. ADAM:** No. Where to you sell your grain?

**MR. S. FOSTY:** I market my grain through the Pool, yes.

**HON. A. ADAM:** That's what I meant.

**MR. CHAIRMAN:** Mr. Bucklaschuk.

**HON. J. BUCKLASCHUK:** A few short questions. You made reference, during your brief about, whether the farmer be a hog farmer, beef farmer, grain farmer, they should all pull together. You started off your brief by making reference to big grain companies and you later identified Cargill as being in support of the Pepin plan. You made reference to railways, other organizations, you referred to Pallisers.

Two organizations you didn't mention were the Manitoba Cattle Producers' Association and the Manitoba Farm Bureau. I believe that both those organizations have taken a pro-Pepin position. I am just wondering whether you could provide us with any ideas of why these two groups, which purportedly represent a great number of Manitoba farmers, would have taken that position.

**MR. S. FOSTY:** The Farm Bureau is one of the biggest injustices that us Manitoba farmers have. It's because of that check-off system. They can dictate. They have that check-off system. They have the members and they are recognized. They draw all the media's attention. They are invited to every meeting, but they do not speak for the common farmer. I won't comment on the Cattlemens' Association. I am not too familiar with that.

**HON. J. BUCKLASCHUK:** Just to reiterate that, despite the fact that these two organizations apparently represent thousands and thousands of Manitoba farmers, then you're saying that they don't represent the viewpoint of the majority of Manitoba farmers?

**MR. S. FOSTY:** The Farm Bureau is not representing the majority of the farmers on this issue.

**HON. J. BUCKLASCHUK:** Thank you.

**MR. CHAIRMAN:** Further questions? Mr. Harapiak.

**MR. H. HARAPIAK:** I don't have a question. I apologize to the committee, but I'd like to make a comment. When you started off your presentation, you seemed as if you were very frustrated, as if everybody was against you, and I just wanted to say to you that, as a government, we recognize the contribution that the

farming community does make towards down payments and I know the contribution has been very great in the last couple of years. We want to assure you that we do not want your farm. We are interested in supporting and helping you. If the agricultural community is healthy and vibrant, then you're operating in a profitable way; so is the rest of the province.

**MR. CHAIRMAN:** Thank you for your question, Mr. Harapiak. No further questions for Mr. Fosty?

Mr. Fosty, on behalf of the committee, thank you very much for your presentation.

The last name on our list this evening, ladies and gentlemen, is Mr. Henry Reske. Mr. Reske.

**MR. H. RESKE:** Mr. Chairman, members of the committee, I have to agree with the previous speakers. I'll try not to repeat what the previous speakers have said. I'll try to keep my comments brief.

The railways claim that they have to have more money to keep hauling our grain to port. In fact, in the Gilson study, it's recommended that they have a return on investment of more than 20 percent with no consideration ever given to what the income of farmers should be. You know, as soon as someone guarantees me 20 percent on my returns, I'll go along with the Gilson study, I'll go along with all of the other studies to pay the railroads.

When all of this is said and done, we we're just told by one of Mr. Pepin's colleagues that initial grain prices are going to be lower; wheat buys around 12 cents, barley 32 cents, and whatever else.

Where the proposals are being made to increase transportation costs to farmers, we are also being asked to pay more for energy; some say as much as \$5 by 1985 for a gallon of diesel. Interest rates are increasing and machinery costs are increasing. Yet, the question is: Where is the farmer supposed to get all this extra income from to pay for all these increases?

The CPR and the railroads have been saying that they have been short-changed, they are not being paid for hauling grain; they are continually claiming that they are not being paid for what they do. Yet, when you look at the CPR, they have somehow accumulated in assets of something like \$40 billion in this country and around the world.

I think that grain farmers are in serious trouble right now and you don't have to look to the grain farmer for that. All you have to do is look at International Harvester, look at White Corporation, Massey-Ferguson, and C.I. here in Winnipeg, and you will know that their sales are down and the only people that I know that they make their sales to is to the grain farmers, or to farmers.

Mr. Pepin says that there is a consensus in the west. Yet, he has never bothered, I've never heard him prove it by a referendum. If he's so sure that there is a consensus out here, I ask that we get a vote on this thing and settle it once and for all. Thank you very much.

**MR. CHAIRMAN:** Thank you, Mr. Reske. Any questions for Mr. Reske from members of the committee?

Mr. Adam.

**HON. A. ADAM:** Mr. Reske, you've heard the other gentlemen make presentations. What do you think we

should do in addition to this? What can you do? How do you see your role to get the message across to the federal people of what's happening?

**MR. H. RESKE:** Mr. Chairman, I think that the farmers should continue writing letters to their federal members of Parliament, to the Minister of Transportation, and to the Prime Minister. I also believe that prairie provincial governments could do a lot by continually keeping up the pressure and helping the farmers of this province or the prairie provinces.

**HON. A. ADAM:** I'm sure that given the facts that you know about, the proposal, that you're able to figure out your extra costs on your own farm to your own situation, whether you will have to pay 5,000 or 3,000 depending on the amounts of grain that you ship, do you think it would be worthwhile for you farmers to talk to your business people and advise your people where you shop? The lack of income that you're going to have is going to reflect on their sales, because that money will be transferred to the CN or CP and it won't be available for local purchases. Do you think that would be something that farmers should look at if they are concerned about this?

**MR. H. RESKE:** I have to agree with you. I think that the message is coming through loud and clear in most rural communities and the smaller towns that the purchases right now are down, the farm equipment sales are down. These businesses are well aware of the farmers' plight right now, and I think if we put pressure on these people or explain to these people to help us out to pressure the Federal Government, I think that would be a good idea.

**MR. CHAIRMAN:** Mr. Harapiak.

**MR. H. HARAPIAK:** Mr. Reske, we, as Canadians, are some of the most efficient operators in the agricultural communities in the world and it's a credit to the farming community that you've been able to survive to this time, to this point, because of your efficiency and also the research dollars that have gone into making it more profitable. Do you think that the rural community, which you just alluded to, will survive if the Crow goes?

**MR. H. RESKE:** Well, Mr. Chairman, the only thing I can say is that for every dollar that I have to spend to transportation, or outside of my community, I don't have to spend in my community. So, I think that's absolutely true.

**MR. CHAIRMAN:** Mr. Downey.

**MR. J. DOWNEY:** Mr. Chairman, just two questions. The last question prompted this one.

The Town of Steinbach is very close by; you're fairly familiar with the activity that takes place there. Do they have a railroad and move a lot of grain out of that town?

**MR. H. RESKE:** I don't believe they have a railroad going through the town.

**MR. J. DOWNEY:** On the other questions, you basically agreed with the previous presentations and questions and answers?

**MR. H. RESKE:** Yes, I did, sir.

**MR. J. DOWNEY:** Thank you.

**MR. CHAIRMAN:** Mr. Carroll.

**MR. H. CARROLL:** I'd just like to make a comment, if I may, Mr. Chairman. I have listened very very intently; I think I heard four of the finest briefs that I've heard since we started on our little trips. I'm very impressed that these were all impromptu speeches. I think what probably impressed me most, Mr. Chairman, was the intelligent answers that this committee received to very many, not so intelligent questions.

**MR. CHAIRMAN:** After hearing your comment, Mr. Carroll, I know why you didn't want to ask a question. The next person on my list is Mr. Plohma.

**HON. J. PLOHMAN:** You mentioned, Mr. Reske, that the railways are guaranteed about a 20 percent return on their investment and you said, of course, that you would be very pleased to have that kind of return. Could you just give an estimate of what you think the return for most of the average farmer is on their investment at this particular time? If it is a percentage, it can be measured in percentages.

**MR. H. RESKE:** Well, Mr. Chairman, I was about to say that. In 1980, as you're aware, we had a drought; this past year, 1982, we had frost damage and I think it was serious. I don't know what is awaiting us this coming year.

I know that I've never had, as long as I've been farming, a return on investment of 20 percent. I've had good years and I've had some bad years, but I've never had 20 percent return on my investment - that I can guarantee you.

**HON. J. PLOHMAN:** Yes, just a comment, Mr. Chairman. I think we have sincerely tried in our questioning tonight to bring out the concerns that you have, and I think that has happened through the questioning and through the presentations. We've had very sincere and honest answers from the people that are presented here and I'd like to join in that part of the statement that was made by Mr. Carroll, that certainly you've made a real impact on us in these presentations here tonight.

**MR. CHAIRMAN:** Are there any further questions for Mr. Reske? — (Interjection) — No, sir, the purpose of our meetings was to solicit your opinions, your briefs and ask you questions. The members of the committee, once the committee adjourns, if you wish to speak to any members or have questions for them, you'll be welcome to ask them after the meeting adjourns. But the meetings aren't scheduled with question and answer periods.

Any further questions for members of the committee for Mr. Reske? Seeing none, Mr. Reske, thank you very much for being here tonight.

Gentlemen, that concludes the list of people who indicated they wish to make a presentation to the committee. — (Interjection) —

Yes, sir, please come forward.

Mr. Edie.

**MR. K. EDIE:** Thank you, Mr. Chairman. I have a few words of explanation as to the Manitoba Pool's relationship with your legislative committee. When I attended the meeting tonight, I did not intend to present a brief and so it can be as brief as 30 seconds if you want, or if you wish to ask me questions I'd be happy to submit to them.

Tomorrow, we are having a delegates' meeting in Brandon which will deal mainly with the transportation issue, and as you know we have a policy on the transportation issue. It has been made apparently very clear to people through ads in the paper, through subdistrict meetings, such as Mr. Nimchuk referred to, and so on and so forth. After the meeting tomorrow, our president or vice-president will be happy to attend your session in Brandon, or failing time there, he will travel to Morden, because we do not know just exactly what position the delegates will take in the meeting tomorrow.

Having said that, I would be happy to answer any questions or just leave it right there, Mr. Chairman.

**MR. CHAIRMAN:** Mr. Edie, I appreciate your advising us of that. I was in conversation with Mr. Bill Strath of the Pool yesterday and he advised me that once the Pool meeting was completed yesterday a presentation would be made to the committee, and I believe the Clerk has Mr. Strath registered for both Brandon and Morden, depending on how soon the position is clear and the brief can be presented.

**MR. K. EDIE:** As you know, we had hoped to be able to have a session with you in the delegates' meeting, but when we reviewed what had to be gone through, plus a couple of other items on the agenda, we felt it wouldn't be fair either to our meeting or to your committee to try to jam something in before lunch time.

**MR. CHAIRMAN:** We understand that, Mr. Edie. Are there any questions by members of the committee for Mr. Edie at this time?

Mr. Uskiw.

**HON. S. USKIW:** Yes, Mr. Edie, apart from your connection with Manitoba Pool, which I recognize is a very important part of Manitoba's agricultural component and a leading component, do you have a personal viewpoint that you would like to give us aside from being tied to your Pool position?

If you have the liberty of explaining to us the Pool position, that's fine, but if you have any views of your own I'm sure the committee would be interested.

**MR. K. EDIE:** I'm not good at political jiving, and the quick answer to that is very obvious and I don't want to get into that. But the Pool position that is being developed is done through a great number of meetings, and when I go to the subdistrict meetings that I go to, if I have personal opinions and observations, I make them there. Then I am instructed and have the policies laid out by our councillors in the subdistricts and that is the position that will reflect on the Pool position.

**MR. CHAIRMAN:** Any further questions then for Mr. Edie?

Mr. Uskiw.

**HON. S. USKIW:** I take it then that whatever the Pool position is that your position representing your particular interest in this area would conform with that. You are saying that you would go with the majority of Pool delegate opinion.

**MR. K. EDIE:** That's how I understand my responsibilities.

**HON. S. USKIW:** Yes, okay, that's fine.

**MR. CHAIRMAN:** Any further questions for Mr. Edie? Hearing none, Mr. Edie, thank you very much and we'll look forward to hearing from the Pool at a later meeting.

**MR. K. EDIE:** I appreciate that, Mr. Chairman.

**MR. CHAIRMAN:** Unless there is someone else who wishes to speak to the committee in addition to Mr. Edie, I would like to thank everyone for being here tonight and giving the Legislative Assembly's committee

an opportunity to hear your views on this very important issue. Unless members of the committee have any further business to raise, I will declare this meeting adjourned until 1:00 o'clock tomorrow in Brandon.

The Clerk has reminded me that transcripts of all the meetings we're holding will be available after the completion of the hearings. If you would like to receive copies of those transcripts in the mail, would you please register with the Clerk at the table to my left after the meeting is adjourned? Give her your name and mailing address and she will see that you get a complete transcript of the seven meetings we're holding on this subject.

For members of the committee, I would advise and remind members that the flight to Brandon tomorrow has been changed from 9:30 to 11:00 a.m., in view of the fact that we're not going to be attending the other meeting tomorrow morning. The location of the meeting tomorrow is the Agricultural Extension Centre in Brandon. — (Interjection) — Aero Trades, Ellice and Ferry, tomorrow for the flight at 11:00 a.m.

Any questions from members? Hearing none, the meeting is adjourned until 1:00 p.m. tomorrow.